

NEWS RELEASE

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DeNUCCI DISCLOSES PROBLEMS WITH TAX CHECKOFF EXPENDITURES

State Auditor Joe DeNucci reported today that voluntary contributions by Massachusetts taxpayers on state income tax returns are in some instances not used for the intended purposes.

DeNucci, in an audit of the contributions made through checkoff boxes on the tax returns, found that contributions to the Massachusetts Olympic Fund have not been earmarked for Olympic athletes from Massachusetts as required by law. The audit also disclosed several questionable payments made from the Massachusetts AIDS Fund.

Taxpayers can make voluntary contributions to four funds by checking off boxes on their tax returns. Taxpayers donated a total of \$4.5 million to the four funds from 1994 through 2000: \$1.2 million to the Organ Transplant Fund, \$1.5 million to the Natural Heritage and Endangered Species Fund, \$1.5 million to the AIDS Fund, and nearly \$300,000 to the Olympic Fund.

“These funds serve worthy causes and I hope taxpayers will continue to contribute by checking off the boxes on their tax returns,” said DeNucci. “However, the state agencies that administer these funds should make sure that contributions go only toward the intended purpose.”

DeNucci’s audit found that contributions to the Olympic fund have been sent to the U.S. Olympic Committee (USOC) for general purposes and have not been restricted to Massachusetts athletes. The law creating the fund states that it is to be used “to assist residents of the Commonwealth in paying all or part of any costs” associated with their participation on U.S. Olympic or Paralympic teams.

DOR officials said they were told by the USOC that all state contributions must go to the national organization. However, several states have entered into agreements with the USOC enabling them to earmark donations only for their resident athletes. DOR indicated it will seek a similar agreement for Massachusetts.

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“Our taxpayers have been led to believe that contributions from this voluntary checkoff are used only for Massachusetts residents,” said DeNucci. “I urge the Department of Revenue to proceed with this agreement so that our athletes receive the assistance to which they are entitled by law and expected by those who contribute.”

DeNucci’s audit of the AIDS Fund revealed several payments that did not appear to be for the intended purposes of research, treatment and education, including donations of computers and printers to non-profit groups and cash donations to organizations for administrative positions. Also, the Department of Public Health (DPH), which administers the fund, did not know whether \$100,000 awarded to a vendor for an advertising campaign was spent in accordance with the terms of its contract due to insufficient documentation in the vendor’s billings.

DeNucci also called for improvements in the procedure for making payments under AIDS Fund contracts, noting that the process does not require documentation by the vendor for non-personnel costs.

In response, DPH indicated it will review its contracts under the AIDS Fund to ensure that all expenditures are made in accordance with the law.

DeNucci’s audit also identified the need for improvements in accounting of the Organ Transplant Fund and Natural Heritage and Endangered Species Fund.